

## THE TECHNICAL EVALUATION PROCESS

The Technical Evaluation is the process of reviewing, analyzing, rating, and ranking technical proposals submitted by industry in response to a Government solicitation for services. The process culminates in a report which provides the contracting officer with the relative merits of the competing proposals and a determination of the offeror most technically qualified to perform the services. This report, when combined with the results of an evaluation of proposed prices, provides the contracting officer with a basis for making a contract award decision which represents the best value to the Government.

## ACQUISITION PLANNING

A successful technical evaluation actually begins long before proposals are submitted by offerors. During the acquisition planning phase of a procurement, the Government makes important decisions which impact the ultimate contract award and the success of the procurement. During this phase, Healthcare Support Department analysts work with the field activities and the contracting office to not only develop the statement of work, but also to develop a plan for choosing a contract awardee and procuring the services best suited to the customer's requirement.

The results of this planning will be included in two documents, the solicitation or Request for Proposal (RFP) and the Source Selection Plan (SSP). (Note that the documentation and terminology for some types of procurements, such as individual set-aside contracts, will differ from the discussion here, but the concepts will be the same. For ease of discussion, we will use "solicitation" to refer to the document that defines the work and solicits a proposal from industry, and we will use "source selection plan" to refer to the document(s) that define the process for evaluating those proposals.)

The **Solicitation** asks offerors to submit their proposed price and a response to one or more technical factors, or questions, which describe the offeror's capability. These factors are included in Section L of the solicitation. The solicitation also describes to offerors the basic scheme that will be used to evaluate proposals. Generally in healthcare contracts, proposals are evaluated on a best-value basis, i.e., the Government is willing to pay a higher price for greater technical capability which has value to the Government. The solicitation also describes to offerors the relative value of the proposal factors. Generally in awarding healthcare contracts, the technical capabilities of the offeror are given greater weight than the price, although this varies by solicitation. Information about the evaluation scheme is given in Section M of the solicitation.

The technical factors included in the solicitation are tailored to the requirements of the statement of work. The factors should be designed to allow offerors to demonstrate their capabilities and/or their plans for accomplishing contract requirements. In common usage are factors such as Implementation Plan/Management Policies, Recruitment and Credentialing, and Staffing Plan. Further, the Federal Acquisition Regulation (FAR) requires that we include a factor entitled Past Performance and consider the quality of offerors' experience on work similar to that in the solicitation.

The **Source Selection Plan** is a Government-only document which details the information to be included in Sections L and M of the solicitation and details the plan for evaluating responses to the solicitation. The SSP includes the names of the individuals who will conduct the price and technical evaluations and make the award decision; duties and responsibilities for each individual/team; and a listing of the milestones for the procurement. Most important for this discussion however, the SSP contains the criteria that will be used to rate responses submitted by offerors.

The criteria against which the proposals will be rated are usually stated as a hierarchy, using a number of possible systems, depending on the policy of the contracting office. One system uses a scale of acceptability, from Highly Acceptable to Acceptable to Unacceptable. Another system substitutes colors: blue; green; yellow; and red. Numbers used to constitute another system but have fallen out of favor as a useful criteria system. The system most commonly used for solicitations from NMLC rates each proposal as to the potential risk of nonperformance by the offeror: Very Low Risk of nonperformance; Low Risk of nonperformance; Moderate Risk of nonperformance; and Substantial Risk of nonperformance. Another rating, Unknown Risk, applies only to Past Performance proposals that do not demonstrate any relevant experience (more on Past Performance later). But no matter the criteria system employed, they each share a common characteristic. Each criterion has a specific definition which describes the way it is applied to the offeror's technical submission. Consistent application of the criteria and their definitions is essential to a successful technical evaluation.

Also note that each rating system includes the rating of Neutral which is used only in the evaluation of past performance information. It is applied to offerors who have no relevant past performance, i.e., no previous contracts similar to the services in the solicitation.

## **PREPARING FOR THE TECHNICAL EVALUATION**

At the conclusion of the solicitation period, offerors submit their proposals in two parts – the price proposal and the technical proposal. The Contracting Officer (KO) receives the proposals and separates them, retaining the price proposals and sending the technical proposals to be evaluated.

The team to evaluate the technical proposals is called the Technical Evaluation Board (TEB), the Technical Evaluation Team (TET), or the Source Selection Evaluation Board (SSEB). For simplicity, we'll refer to the evaluators as the TEB. Before the TEB can begin their work, some preparation is necessary.

First, members of the TEB must be assigned or identified. They should be subject experts with regard to the requirements included in the solicitation, e.g., a solicitation for a full-service Primary Care Clinic would likely warrant inclusion on the TEB of a physician, a nurse, and an administrator to match the disciplines included in the solicitation. The Contracting Officer's Representative (COR) or Technical Liaison (TL) who will be assigned to monitor the contract is also generally included on the TEB. Further, depending on the complexity and value of the solicitation, a healthcare analyst from NMLC will be available to chair the TEB or to act as a technical advisor.

Next, locations for the evaluation and for the storage of the proposals must be identified. The location should provide adequate space and equipment such as a white board for tracking progress and telephones for conducting past performance reference checks. The location for the TEB should allow for the fewest possible interruptions. While it is not always possible for clinicians and executive level staff to completely abandon their day-to-day duties, uninterrupted attention to the work of the TEB is important to a fair evaluation. Earlier we stated the importance of consistent application of evaluation criteria; interruptions and time away from the evaluation by one or more TEB members are easy ways to introduce unacceptable inconsistencies. With regard to the proposals, to assure that the integrity of the procurement is preserved, all information about and within the proposals must be strictly secured at all times. This includes the proposals, evaluation worksheets, notes taken during the evaluation, information about the number or names of offerors, etc. Disclosure of information about the proposals to non-TEB members may compromise the procurement and unwittingly provide a competitive advantage to an offeror. Such an advantage could lead another offeror to file an official protest that could delay or threaten the start of contract services.

The third step in preparing for the TEB is extremely important. Members must read and become familiar with the requirements and information contained in both the solicitation and in the Source Selection Plan. This familiarity will greatly expedite and ease the evaluation process. It will help to ensure that offerors are given proper credit for the contents of their proposal, not credited for “innovations” which are actually solicitation requirements, and not penalized for failure to perform a function which is not required.

The last preparation step is the development of technical evaluation worksheets. These are usually prepared by the contract specialist, an NMLC healthcare analyst, or the TEB chairperson. These sheets list each factor, usually broken out into its component parts with plenty of blank space for making notes, and provide a convenient and consistent format for documenting findings.

## **CONDUCTING THE TECHNICAL EVALUATION**

When the preparation is complete and the proposals have been received, it's time to start the evaluation. Proposals are usually received from the contracting office by mail within a week of the closing date of the solicitation. The evaluation should begin as soon as practicable following receipt. The length of time it takes to complete the evaluation process directly impacts the start date of contract services, so the earlier the TEB starts, the better. The length of time that the evaluation takes is dependent on the complexity of the solicitation, the number and nature of the technical evaluation factors, and the number of offers received. Sometimes a day is plenty and sometimes it is hard to get the evaluation complete within a full week. The contract specialist or an NMLC healthcare analyst can provide some idea of the time any particular evaluation should take.

At the appointed time, the TEB gathers at the designated location. The room contains copies of offerors' proposals, one or more copies of the solicitation, one or more copies of the Source Selection Plan, pads, pens, and plenty of yellow stickies (most evaluators' weapon of choice). A note on the number of copies of proposals: if, during the acquisition planning phase, you have properly anticipated

the number of members for the TEB, the contract specialist will require of offerors a like number of copies of their proposals and each TEB member will have a copy of each proposal. This greatly eases the evaluation process and precludes having to make additional copies of proposals.

The chairperson opens the proceedings by briefly reviewing the requirements of the solicitation, reviewing the procedures and criteria from the Source Selection Plan, providing an overview of the offers received (numbers and names), and discussing some general procedures. This includes a prohibition on marking on the proposals; notes are taken on worksheets or notepads, and yellow stickies are used to mark proposal pages for later discussion. Last the chairperson discusses the need to maintain the security of the documentation and information from the evaluation, and each TEB member is asked to sign a Certificate of Nondisclosure, which is generally an attachment to the Source Selection Plan.

The chairperson distributes a copy of the first offeror's proposal to each member of the TEB and the review begins. The order of evaluation of the various proposals is random. Providing preferential status to a proposal by choosing to review it first, or last, or whatever, must be avoided.

Overall, the hallmark of the evaluation process is consistency. Each proposal must be evaluated on its own merits without a hint of favoritism or prejudice of any kind. Strong opinions regarding the past performance or capabilities of any particular offeror are fine, but must be supported by documented records of that performance, either exemplary, unacceptable, or otherwise. And the TEB must reach a consensus with regard to those opinions. We'll discuss that further in "Reporting the Technical Evaluation Results."

The actual evaluation process is a simple one. Each TEB member reads the proposal (we'll briefly mention oral proposals later) and makes notes regarding their findings and conclusions, always keeping in mind solicitation requirements and SSP criteria. The TEB, as a group, discusses the findings and conclusions of each member and reaches a consensus as to the strengths and weaknesses of the proposal. Based on the definitions of the evaluation criteria, the TEB assigns a rating to the proposal. After each proposal has been evaluated and rated, the TEB reviews the ratings and ranks the proposals from **best to worst**.

Notwithstanding the specific requirements of any particular set of technical evaluation factors, it is safe to say that the TEB is actually evaluating only three things: 1) Did the offeror follow submission format requirements? 2) Did the offeror provide a complete response to the requirements? and 3) What is the quality of that response?

First, did the offeror follow submission **format requirements**? The most important of these requirements which you might see is a limitation on pages. If the solicitation limits proposals to 30 pages, any pages in excess of that limit are not to be included in the evaluation of the proposal. The failure of an offeror to number pages or paragraphs as required is not a weakness that should influence the rating of the offeror or their eligibility for contract award.

Second, did the offeror provide a **complete response** to the requirements? Particular attention must be paid to the solicitation requirements when making this determination. Section L may state that some responses are required (“the offeror shall submit”), while others are only items suggested for inclusion in the proposal (“the offeror should submit”). Ensure that the required items are included (if they’re not, the proposal is, by definition, incomplete) and ensure that the overall content of the proposal is sufficient to enable the TEB to draw conclusions regarding the offeror’s capability. If the submission content is not sufficient to allow the TEB to draw those conclusions, the proposal is most likely incomplete.

Third, what is the **quality** of the offeror’s response? This is where the heavy lifting comes in for the TEB and the expertise of the subject experts comes into play. Certainly this part of the evaluation is targeted primarily at assessing the quality of the offeror’s response to the specific submission requirements, but there are some general questions that can be asked during the evaluation regardless of the specific factors. Does the proposal take exception to the solicitation requirements? Is the proposal internally consistent? Does it contradict itself? Does the proposal demonstrate the offeror’s overall understanding of the solicitation requirements? Does the proposal contain any strengths (responses that are stronger than merely acceptable)? Does the proposal contain any weaknesses (responses that represent minor flaws in the proposal)? Does the proposal contain any deficiencies (responses that represent material failures or significant weaknesses and which if uncorrected threaten successful performance)? Does the proposal contain any enhancements (responses which represent performance in excess of solicitation requirements and which have value to the Government)? Overall, does the proposal indicate a good probability of the offeror successfully performing the requirements of the solicitation?

A good example of the application of the above quality questions can be seen in an often used evaluation factor, **Management and Implementation Plan**. In response to this factor, offerors are generally required to describe items such as their overall plan for management of the contract and their personnel, recruitment techniques to be utilized, their market surveys of salaries and personnel availability, personnel retention methods, credentials review and submission procedures, and personnel scheduling procedures and responsibilities. In response to this factor, mere statement by an offeror that they will comply with shift coverage requirements of the solicitation, for example, does not represent a quality response. But if the same offeror discusses the individual within their organization who will do personnel scheduling, the specific procedure for backfilling a short notice vacancy, and the means of communicating scheduling issues, that offeror has likely demonstrated their understanding of solicitation requirements and has indicated to the TEB a good probability of successful performance.

As TEB members and the board as a whole arrive at conclusions and a rating with regard to the specific evaluation factors and the above questions, it is extremely important that clear, complete, traceable documentation of findings is maintained. Exceptions, inconsistencies, strengths, weaknesses, deficiencies, and enhancements must all be noted with specific reference to the solicitation and the offeror’s proposal. Note clause numbers, page numbers, paragraph numbers, etc. that apply to and demonstrate the finding being documented. This documentation will be extremely important when the

chairperson drafts the TEB report. Nothing is more frustrating than having to wade through an entire proposal to find the source of a finding that hasn't been properly documented.

**Past Performance.** Like the technical factors that are designed to demonstrate the offeror's capability, submission requirements for past performance information vary by solicitation. But also likewise, there are some common themes to the evaluation process for past performance. Those themes are **relevance** and **quality**. The TEB will be assessing the relevance of the offeror's past performance, i.e., how closely the past performance matches the requirements of the solicitation in terms of its scope, its magnitude, and its complexity. **Scope** relates to the general nature of the service; experience with inpatient pediatric nurses would not be relevant in terms of scope to a solicitation for a family practice clinic, but experience staffing an outpatient pediatric clinic would be relevant. **Magnitude** relates to the size of previous contracts in relation to the solicitation requirements; experience providing only single individuals under contract would not be relevant in terms of magnitude to a solicitation that requires 50 people. **Complexity** relates to the range of labor categories or geographic locations to be covered. A solicitation which requires eight different labor categories at each of five different sites is more complex than past performance with three labor categories at two sites. Certainly, there are no strict lines of demarcation that separate relevant past performance from irrelevant. There are many shades of gray between. An offeror may have vast experience which is relevant in terms of scope but none relevant in terms of magnitude or complexity. Is that better or worse than an offeror with just one prior contract which is relevant in terms of magnitude and complexity, but not scope? And we haven't even talked about **quality** yet. Much about the relevance of the offeror's past performance can be gleaned from their written submission, but most of your conclusions about the quality of the offeror's relevant past performance must be gained by contacting the offeror's references. Depending on the solicitation requirements, offerors may have submitted just a few or perhaps 100 references. The decision regarding which and how many of these to contact will be based on your assessment of relevance and on advice from the contract specialist assigned to your solicitation. TEB members contact references and ask a set of pre-established questions which confirm the relevance of the experience and which illustrate the quality of the experience. Just as with other evaluation factors, the TEB discusses findings, reaches consensus, and assigns a rating in accordance with the Source Selection Plan.

The **Individual Set Aside (ISA)** is a type of personal services contract whose award is restricted to individuals, to the exclusion of companies. The contract type is widely used because of its relatively low cost and implementation time. The technical evaluation for this type procurement follows the principles described above, but involves a two-tiered approach to rating and ranking offerors. The solicitation for an ISA, called a requirements package (RP), includes a series minimum qualifications that must be met by each offeror who can be considered for award. Those offerors who meet the minimums are then ranked against a series of enhancing qualifications, such as additional certifications, education, or experience which are listed in a hierarchy of importance. The TEB provides the Contracting Officer with the results of the rankings and the Contracting Officer negotiates with the highest ranked offeror to obtain the best possible price. Complete information regarding ISAs may be found in the ISA Handbook on the NMLC web page.

**Oral presentations** are increasingly being used as part of the technical evaluation process. The same principles and procedures that apply to written proposals also apply to oral proposals. The presentations are generally limited by solicitation requirements as to content and duration. The contracting officer or contract specialist will generally be in attendance to oversee the proceedings even though they are not part of the TEB. The presentation of each offeror will generally be video or audio taped to assist in writing the TEB report. The TEB will generally be allowed to ask clarifying questions of the offeror at the conclusion of the presentation. The evaluation and documentation of results should be carried out just as they would be for a written proposal.

A few miscellaneous cautions are in order. First, the TEB can consider only the technical factors stated in the solicitation; no unstated factors can be added. For example, the committee may feel that the proximity of one offeror's offices to the treatment facility may be a plus, but unless the location of the offeror's offices is a stated technical factor, it cannot be considered by the TEB. Second, factors cannot be eliminated either. "We really like this offeror except for this one response; let's ignore it" is not an option. Third, TEB members cannot supplement an offeror's proposal with information from their own knowledge; each proposal must be evaluated on its own merits. The only exception to this is that personal knowledge of a TEB member relating to an offeror's past performance can be documented and included in the TEB report, just as information from any other reference would be.

One more note about the process. It is not uncommon for TEB members, during the course of evaluating offers, to notice solicitation requirements which are not quite right or which could use an update. It is important to document these items, as there may be an opportunity to make corrections via an amendment to the solicitation prior to contract award. However, it is equally important to ignore these issues during the evaluation. Proposals must be evaluated against the solicitation as it currently reads, not against how it should read.

## **WRITING THE TEB REPORT**

When the TEB has completed the evaluation process, the chairperson assembles all proposals and evaluation worksheets in preparation for writing the TEB report. The report is an extremely important input toward the ultimate contract award. The report must pass muster with both the contracting officer and legal counsel.

The report is divided into two major parts. The introductory narrative contains the solicitation number, a list of TEB members, a list of offerors, a restatement of the technical evaluation factors from Section L of the solicitation, a restatement of the evaluation criteria from the Source Selection Plan, and a tabular summary of the offerors and their ratings and rankings.

The main body of the report is an offeror by offeror, factor by factor, detailed discussion of the TEB's findings. For each factor the report will describe the response and its quality. Was it complete? Did it demonstrate an ability to perform? Did it contain strengths, weaknesses, deficiencies, etc.? What were they? **VERY IMPORTANT**—What **impact** will those strengths, weaknesses, deficiencies, etc. have on contract performance? What is the overall risk of unsuccessful performance? In short, the report

will provide the answers to all the quality questions we discussed during the evaluation. Each factor discussion will include, at either the beginning or the end, a clear summary statement which includes the rating the offeror received for the factor.

Even though the factor by factor write-up would appear to be a rather boring, fact-driven exercise, it should be anything but. This is the chance for the TEB to influence the outcome of the contract award process. The TEB, based on their findings (facts not fiction), has a firm opinion on who the best offeror is, the offeror they've ranked as number one. The TEB report is their opportunity to be persuasive and convince the contracting officer of the need to seriously consider this offeror for award, even if it means spending a bit more money. This is where the discussion of "impacts" is important. The report should relate the offeror's strengths and enhancements to positive outcomes and savings that can accrue to the facility. Conversely, the weaknesses and deficiencies of a lesser offeror can likewise be tied to negative impacts on the facility. (Be careful in trying to discern the differences between weaknesses and deficiencies; the General Accounting Office, in ruling on contract award protests, has made it clear that they consider there to be no difference between the two if the outcome of the source selection process is influenced. Therefore report every weakness/deficiency that affected the rating and report the relative importance of each weakness/deficiency.) And of course, if the TEB finds some or all the offerors to be technically equivalent, then the report should state that also.

One important caution is in order here. Strengths, weaknesses, etc. and the resulting ratings must be consistently applied to all offerors. For example, the report cannot credit one offeror with a strength to increase their rating and ranking and at the same time ignore the identical strength in another offeror.

In the case of high value or complex solicitations, the TEB will likely be chaired by a healthcare analyst from NMLC and that individual will draft the TEB report. For other solicitations, the TEB report can be drafted by a local chairperson (NMLC can provide a sample report). Those completed reports are forwarded to the NMLC's Healthcare Support Department for review prior to submission to the contracting office and command counsel.

## **THE OUTCOME**

Only after the price proposal evaluation has been completed and the TEB and price reports have been reviewed by the contracting officer will we know whether the contract can be awarded based on the initial offeror submissions. If not, discussions with offerors will be necessary and subsequent submissions of technical information will be received for review. Each subsequent review will follow the process we have described here.

Ultimately, the technical evaluation process is an extremely important component of contract award. It is the opportunity for the requiring activity to learn something of their prospective healthcare partners and influence the decision process. It is also an opportunity to analyze the technical evaluation process itself. What worked? What didn't? What technical factors helped to differentiate the offerors? What would we like to have known that we failed to ask?



As Navy medicine's healthcare contracting process evolves, those kind of lessons learned continue to improve the overall quality of our awarded contracts. Each technical evaluation provides an opportunity to improve the process and influence contract awards in the future.